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FM AMEMBASSY MONTEVIDEO
TO RUEHC/SECSTATE WASHDC PRIORITY 5464
INFO RUCNMER/MERCOSUR COLLECTIVE
RUEHBO/AMEMBASSY BOGOTA 2470
RUEHCV/AMEMBASSY CARACAS 0374
RUEHHE/AMEMBASSY HELSINKI 0053
RUEHLP/AMEMBASSY LA PAZ MAR MADRID 0846
RUEHSG/AMEMBASSY SANTIAGO 2790
RUMIAAA/CDR USSOUTHCOM MIAMI FL//J-5//

C O N F I D E N T I A L MONTEVIDEO 000207

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DEPT ALSO FOR WHA/BSC

E.O. 12958: DECL: 03/01/2016

TAGS: [PREL](#) [PGOV](#) [KSUM](#) [UY](#)

SUBJECT: URUGUAY CANNOT BACK DOWN ON PAPERMILL CONSTRUCTION

REF: A. BUENOS AIRES 00486 AND PREVIOUS

[1](#)B. MONTEVIDEO 00155 AND PREVIOUS (NOTAL)

Classified By: Charge D'Affaires James D. Nealon
for reasons 1.4 (b) and (d)

[1](#)1. (C) The GOU has roundly rejected President Kirchner's March 1 public offer (ref A) to seek a solution to the papermill dispute by halting construction for 90 days while environmentalists conduct a study. Vice President Nin Novoa did not help matters by characterizing Kirchner's "'plea'" as impertinent.'" The GOU says it cannot interfere in private construction contracts or negotiate under pressure while the bridges are being blocked. The MFA said, "'To suspend construction of the plants before they begin to operate is to give in to an irrational position.'" The prevailing view here is that the papermill dispute will probably get worse before it gets better, but that the majority of Uruguayans are united in favor of the plants' construction.

[1](#)2. (C) The Uruguayan press has made much of the fact that the Argentine President (and pro-tempore President of Mercosur) never formally answered President Vazquez' letter requesting a meeting to discuss the papermill controversy. In a recent poll, 42% of Uruguayans sampled responded in favor of the GOU adopting a more "'aggressive'" approach on the dispute. Vice-Foreign Minister Belela Herrera traveled to Washington last week to deliver a letter from Vazquez to OAS Secretary General Miguel Insuzla requesting OAS intervention in the matter. (Comment: Either by design or by mistake, Herrera claimed that the OAS SYG had promised to "'mediate'" in the dispute, which is clearly not the case. End Comment.)

[1](#)3. (C) The MFA's Director General for Political Affairs, Bruno Faraone recently told PolCouns, that "'if construction were halted for even one day, the projects would be dead in the water and unlikely to restart.'" Faraone's view was that the GOA "'picks on the little guy to satisfy the piqueteros.'" He also indicated that Vazquez would be seeking regional support for Uruguay's position when he travels to Chile and other countries in mid-March. Faraone said that the GOU would take its case to "'whatever international organization is willing to listen.'" "

[1](#)4. (U) Meanwhile, according to news reports, the bridges at Fray Bentos/Guaaleguaychu and Paysandu/Colon remain blocked by Argentine protesters who claim to be settling in for the long haul. The remaining land crossing at Salto/Concordia is open with increased traffic from vacationers returning from the

holidays.

15. (C) COMMENT: We remain concerned at the soured bilateral relationship between Uruguay and Argentina over this thorny issue and don't see an easy way for either side to back down.

We have noted that the Argentine press has taken to criticizing Uruguay for servicing British ships based in the Falkland Islands (a thorny issue for Argentina). Vazquez has said his next cabinet meeting will take place near where the papermills are being built. Uruguayans continue to tally up economic losses from the blockades and assert that the papermill dispute has already done long term damage to bilateral relations and to Mercosur. END COMMENT.